



County of Los Angeles CONTRACTOR HEARING BOARD

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

48 July 31, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Member Departments:

Chief Executive Office

Internal Services Department

Department of Public Works

Alternate Member Departments:

Department of Health Services

Department of Parks and Recreation

Department of Public Social Services

July 31, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEBARMENT OF RELIABLE BUILDING MAINTENANCE, INC.,
NAM MIN CHO, SUNG OK CHO, AND NORMAN CHO
ALL DISTRICTS
(3-VOTES)**

SUBJECT

Request for Board approval to adopt the proposed findings, decision, and recommendations of the Contractor Hearing Board (CHB) to debar Reliable Building Maintenance, Inc. and its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho, for a period of ten years from bidding on, being awarded, and/or performing work on any contracts for the County of Los Angeles from the date of the Board's approval as a consequence of what the CHB found to be serious contract violations and fraudulent practices.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt the proposed findings, decision, and recommendations of the Contractor Hearing Board to debar Reliable Building Maintenance, Inc. and its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho for a period of ten years, from bidding on, being awarded, and/or performing work on any contracts for the County of Los Angeles from the date of the Board's approval.
2. Instruct the Executive Officer to send notice to Reliable Building Maintenance, Inc. and its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho advising of the debarment action taken by the Board.
3. Instruct the Director of the Internal Services Department to enter this determination to debar Reliable Building Maintenance, Inc. and its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho into the Contract Database for a period of ten years.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended debarment action against the contractor, Reliable Building Maintenance, Inc. (Reliable), and its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho, is to ensure the County of Los Angeles (County) contracts only with responsible contractors who comply with the terms and conditions of their County contracts, and with any relevant Federal, State, and local laws.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the County's Vision and Strategic Plan Goal One which support shared values of accountability, integrity, and professionalism, efficient and effective service delivery, and envisions the County as the premier organization for those working in the public's interest with a pledge to sustain essential County services through proactive and prudent fiscal policies and stewardship.

FISCAL IMPACT/FINANCING

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Contractor Non-Responsibility and Debarment Ordinance

The Contractor Non-Responsibility and Debarment Ordinance, County Code Chapter 2.202, provides the County with the authority to terminate contracts and debar contractors when the County finds, in its discretion, that the contractor has done any of the following:

- Violated a term of a contract with the County or a non-profit corporation created by the County;
- Committed an act or omission which negatively reflects on the contractor's quality, fitness, or capacity to perform a contract with the County, any other public entity, or a non-profit corporation created by the County, or engaged in a pattern or practice which negatively reflects on the same;
- Committed an act or omission which indicates a lack of business integrity or business honesty; or
- Made or submitted a false claim against the County or any other public entity.

In considering debarment, the County may consider the seriousness and extent of the contractor's acts, omissions, patterns, or practices and any relevant mitigating factors.

Contractor Hearing Board Responsibilities

County Code Chapter 2.202, the Contractor Non-Responsibility and Debarment Ordinance, established the CHB to provide an independent review of the contracting department's recommendation to debar a contractor. The regular membership of the CHB is comprised by a representative from the Chief Executive Office (CEO), the Internal Services Department (ISD) and the Department of Public Works (DPW). In addition, the CHB includes the departments of Health Services, Parks and Recreation and Public Social Services as alternate member departments. In the event the debarment action is initiated by CEO, ISD, or DPW, the CHB member from the department bringing the debarment action will recuse himself/herself from any participation in the hearing. In this particular debarment hearing, there was a potential conflict of interest as ISD was bringing the debarment action. Therefore, the CHB representative from Parks and Recreation participated in the hearing and deliberations, and voted in this debarment hearing. The CEO representative served as the acting chair for the CHB in these proceedings.

Background

In April 2012, the Internal Services Department, with the support of the Auditor-Controller's Office of County Investigations (OCI), requested the CEO to convene the CHB to initiate debarment proceedings against Reliable and its principals for a number of reasons, including:

- Violating a term(s) of a contract with the County or a non-profit corporation created by the County;
- Commission of an act or omission which negatively reflects on the contractor's quality, fitness, or capacity to perform a contract with the County, or engagement in a pattern or practice which negatively reflects on same;
- Commission of an act or offense which indicated a lack of business integrity or business honesty

On April 10, 2012, ISD sent proper notice via certified first class letter to Reliable and its principals, notifying them of the department's intent to initiate debarment proceedings against Reliable and its principals, and to discuss the appropriate length of time for such debarment, at a hearing scheduled for May 2, 2012 at 1:30 p.m., in the Kenneth Hahn Hall of Administration, Room 372 (Attachment I). Included in this correspondence was notice to the parties that they must confirm by written notice to ISD their intent to attend the debarment hearing and oppose the debarment recommendation by April 19, 2012.

Reliable did not confirm their attendance for the May 2, 2012 debarment hearing. They also did not appear at the May 2, 2012 debarment hearing and did not submit any documentation or a list of prospective witnesses to rebut any evidence presented at the debarment proceedings. As such, their decision not to respond was construed as a waiver by Reliable and its principals

of all rights to a hearing before the CHB. ISD thus proceeded in their absence and placed an uncontested debarment recommendation before the CHB at the hearing on May 2, 2012. At that hearing, the CHB voted to recommend a ten year contractor debarment of Reliable and its principals.

On June 28, 2012, Reliable and its principals were sent a draft copy of the proposed decision recommending debarment for a period of ten years, and notified that any written objections to this proposed decision were to be received by July 5, 2012. Any written objections would be considered by the CHB at a hearing on July 11, 2012. Reliable and its principals did not submit any written objections, and as a result, the July 11, 2012 hearing was cancelled.

The CHB proceeding was digitally recorded and the recording is available upon request, as well as all the documents entered into the record as exhibits during the hearing.

- Attachment II is a memo from County Counsel representing ISD, which identifies the documents that comprise the documentary evidence and a listing of the exhibits that were entered into the record.
- Attachment III is a listing of CHB members, ISD representatives, participating lawyers from County Counsel and representatives from the OCI.

SUMMARY OF EVIDENCE AND ARGUMENT

An ISD department representative and an OCI department representative presented evidence in the form of testimony, correspondence and supporting documentation demonstrating that Reliable and its principals breached the terms of the Contract, including Sections 7.3 (Custodial Personnel), 7.6 (Background Investigations), 8.39 (Subcontracting), and 8.50 (Compliance with County's Living Wage Programs); knowingly submitted fraudulent payroll and timecard documents; knowingly placed an unauthorized individual who failed his background check in County facilities to perform custodial services; and engaged in dishonesty during the County's investigation.

Pertinent Facts and Evidence

On June 21, 2005, the Board approved ISD Contract No. 75321 for Custodial Services with Reliable (Contract). Under this Contract, Reliable provided custodial services to twenty-one (21) facilities countywide.

On November 15, 2010, ISD received a letter dated November 8, 2010 from an anonymous informant, alleging that Reliable was submitting false timecards for individuals named "Sung Ok Cho, Norman Nam Cho, Jae W. Kang, and Kil Chae Bae" for work they did not physically perform, paying workers less than required under the Contract, and submitting timecards using the name of a former employee.

Based on this information, ISD initiated a preliminary investigation and determined that Reliable was submitting fraudulent timecards and payroll records under the name of a former employee, Kil Chae Bae, whose last day of work with Reliable was on September 6, 2010. ISD determined that K.C. Building Maintenance, Inc. (KCBM), another custodial services contractor at the time, employed Mr. Bae. ISD interviewed Mr. Bae and showed him timecards submitted by Reliable which bore Mr. Bae's name and alleged signature for the period from September 7, 2010 through January 31, 2011. Mr. Bae confirmed that the signatures on the timecards were not his, and that he had not been employed by Reliable during those periods and did not perform any work for Reliable during those periods.

Suspecting additional fraudulent activity, ISD referred the allegations to OCI for a more complete investigation.

OCI investigators obtained background information from LexisNexis and reviewed pertinent evidentiary documents such as the County's Contract with Reliable, and Reliable's payroll records and employee timecards. OCI also conducted site investigations, interviewed ISD management and staff, Reliable management, administration staff, and custodial employees as part of their investigation.

OCI conducted random site visits of facilities where custodial services by Reliable were provided. Using Reliable's October 2011 Staffing Plan, it selected four (4) County facilities to visit, including the Sheriff's Department and Fire Department in South El Monte. According to Reliable's Staffing Plan, principals Nam Min Cho was assigned to clean the Sheriff's Department and Norman Cho was assigned to clean the Fire Department. When OCI investigators inquired of Sheriff and Fire staff, they confirmed that Mr. Nam Cho and Mr. Norman Cho did not clean their buildings. Instead, a man by the name of Estanislao Gonzalez Rivas was the custodian who cleaned their facilities. However, ISD records indicated that Mr. Rivas no longer worked under this Contract as of March 30, 2011 for failure to pass a background check.

OCI investigators interviewed Mr. Rivas, who confirmed that he had been cleaning County facilities for over four years. Mr. Rivas did not have an ID badge from ISD or Reliable, did not wear a Reliable uniform, and had keys to two (2) County facilities he cleaned. Mr. Rivas also told the OCI investigators that he was paid \$10.00 an hour by Reliable. When OCI investigators reviewed Mr. Rivas' paycheck stub from Reliable, it did not indicate any deductions for State or Federal taxes, Social Security, number of hours worked or the rate of pay. OCI investigators confiscated Mr. Rivas' keys.

OCI investigators then interviewed Sung Ok Cho, a principal of Reliable and the wife of Nam Min Cho. Mrs. Cho stated that she performed regular custodial work at the Department of Public Works (DPW) in La Puente and at Community Senior Services (CSS) in South El Monte. According to Reliable's Staffing Plan, Mrs. Cho was the only scheduled custodian at DPW and CSS. When shown her timecards, she stated that she had worked at DPW and CSS during the dates and times indicated.

OCI investigators interviewed Norman Cho, a principal of Reliable, and the brother of Nam Min Cho. According to Norman Cho, he supervised and performed custodial work at the Fire Department in South El Monte, Agricultural Commission/Weights & Measures (ACWM) in Arcadia, and CSS in South El Monte for over two (2) years. Mr. Norman Cho claimed that while someone else prepared his timecards, he did review the timecards for accuracy prior to signing them. However, he did not know who prepared his timecards.

Mr. Norman Cho also initially stated that he supervised staff for Reliable, and supervised the one custodian at ACWM. When asked the name of the custodian he supervised at ACWM for two (2) years, he could not remember. After further questioning, he changed his response to say he worked primarily with Mrs. Cho at ACWM and sometimes with Mr. Rivas.

When Mr. Norman Cho's timecard and Reliable payroll records were examined, they did not indicate that he performed any custodial services at CSS, as he claimed. Mrs. Cho's timecards and her own statements also contradicted Mr. Norman Cho's statement that he primarily worked with Mrs. Cho at ACWM.

OCI investigators also interviewed Nam Min Cho, a principal of Reliable and the husband of Sung Ok Cho. Mr. Nam Cho stated that Mr. Norman Cho supervises the custodial staff at ACWM, but when questioned why there would be a need for a supervisor for only one custodian, Mr. Nam Cho changed his response and acknowledged that Mr. Rivas is the regular custodian at ACWM. During this interview, Mr. Nam Cho also acknowledged that Mr. Rivas was not authorized to work under the County Contract, but nonetheless, Reliable assigned him to work at County facilities and provided him keys to some of the facilities. Mr. Nam Cho also admitted that he submitted timecards in Mr. Norman Cho's name to conceal the fact that Mr. Rivas was actually performing the custodial services.

Mr. Nam Cho also confirmed that Mr. Rivas was indeed the custodian at the Sheriff, Fire and DPW facilities. He also maintained that Mr. Rivas was an independent contractor and that he paid Mr. Rivas \$11.84 an hour in alleged compliance with the Living Wage Ordinance.

Finally, when asked why Reliable continued to submit timecards for Kil Chae Bae after he left employment at Reliable, Mr. Nam Cho admitted that he did that to save money. According to him, the County Contract required Reliable to provide six (6) custodians for the County facilities located in Lancaster, and while their Monthly Staffing Plan stated six (6) custodians, they were actually only providing five (5). Reliable continued to submit timecards for Kil Chae Bae from September 7, 2010 through January 31, 2011 so that Reliable could maintain their profit after the County requested, and Reliable agreed to a six (6) percent reduction in the Contract amount.

OCI completed its investigation of Reliable and issued a report dated January 17, 2012 detailing the results of the investigation. OCI substantiated the allegation that Reliable submitted falsified payroll records and timecards to conceal their use of an individual to perform custodial work in

County facilities who was not authorized by ISD to do so. Per this report, Reliable's principal, Norman Nam Cho, also admitted that they had falsified payroll records, timecards, and Staffing Plans to conceal their violation of various Contract requirements, all in an attempt to maintain their profit on this County Contract.

On January 24, 2012, ISD served notice of the County's intent to terminate the Reliable Contract effective February 8, 2012 pursuant to Section 8.42, Termination for Default. As part of this same notice, Reliable was provided a copy of the January 17, 2012 report from OCI detailing the results of its investigation.

On February 7, 2012, the Board terminated the Contract with Reliable, in whole, pursuant to Section 8.42, Termination for Default.

Argument

During the debarment hearing, ISD presented witness testimony and written documentation to show the following:

Reliable deliberately submitted false payroll records and timecards for individuals who did not actually perform the custodial services, and thereby have committed acts which indicated a lack of business honesty and integrity; furthermore, Reliable submitted timecards for an employee that no longer worked for Reliable.

ISD and an OCI representative submitted evidence and supporting documentation that demonstrated Reliable and its principals deliberately submitted false Staffing Plans and documents to circumvent the requirements of their Contract, thereby committing acts which indicated a lack of business honesty and integrity. Nam Min Cho confirmed that Mr. Rivas was indeed the custodian at the Sheriff, Fire, ACWM and DPW facilities, even though he, Mrs. Cho and Mr. Norman Cho had submitted timecards for work at these County facilities.

Furthermore, the evidence presented showed that Reliable, by and through its agent Nam Min Cho, falsely claimed that Kil Chae Bae was an employee of the organization after his last day of work on September 6, 2010. Mr. Nam Cho submitted false timecards and forged Mr. Bae's signature on the timecards submitted to ISD. These facts are effectively beyond dispute because Mr. Cho admitted doing this during his interview with members of OCI.

Reliable knowingly placed an unauthorized individual who did not pass the background check at County facilities to perform custodial services and paid the individual less than the required Living Wage.

OCI found an individual working for Reliable at a County facility who was not authorized to work under the Contract because he had failed to pass a background check. Mr. Rivas was also given keys to locked County facilities, and did not wear a Reliable uniform or County issued

ID badge. This is in violation of Section 7.3 (Custodial Personnel) and Section 7.6 (Background and Security Investigations). When interviewed by OCI, Mr. Rivas stated he was being paid \$10.00 per hour by Reliable, which is below the Living Wage required by the Contract in Section 8.50 (Compliance with County's Living Wage Program). After review of Mr. Rivas' paystub, OCI noted that it did not reflect required payroll deductions such as State and Federal taxes and Social Security. Further, if it were true that Mr. Rivas was an independent contractor as Reliable alleged, Reliable failed to comply with Section 8.39 (Subcontracting) of the Contract requiring advance written approval from the County before using Mr. Rivas as a subcontractor.

Ultimately, Reliable admitted to using an unauthorized individual at County facilities and falsifying timecards with the names of others to hide the fact that Mr. Rivas was the one actually performing the custodial services.

Reliable committed an act which negatively reflects on the contractor's quality, fitness, and capacity to perform a contract with the County.

As noted above, Reliable violated the terms of its Contract by allowing an individual to work who did not pass the background check, submitted false timecards under the names of Nam Min Cho, Norman Cho and Sung Ok Cho for work that was not performed by them, submitted false and forged timecards for an employee who no longer worked for Reliable, and generated false payroll and/or timecard documents in order to circumvent the requirements of their County Contract. This makes them unfit to perform a County contract.

In addition, when questioned by OCI investigators, principals Nam Min Cho, Sung Ok Cho, and Norman Cho all gave initially false, contradictory and/or misleading statements. It was only after Nam Min Cho was pressed in questioning did he admit to the actions discussed above. In addition, some of the statements given by these three individuals were contradicted by written documentary evidence and/or by each other's oral statements.

The County only does business with "responsible contractors" (County Code section 2.202.010). The purpose of the ordinance is to promote integrity in the County's contracting process. A non-responsible contractor is one which has displayed a lack of business ethics and business integrity, as demonstrated by Reliable and its principals.

FINDINGS AND RECOMMENDED DECISION

After considering the evidence and arguments presented by ISD and OCI representatives, the CHB concluded that the following factors assisted them in reaching their decision for the debarment of Reliable Building Maintenance Inc. and its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho for a period of ten years:

- ISD showed that Reliable deliberately created false documents in order to mislead the County, and committed acts which indicate a lack of business honesty and integrity;

- The evidence presented showed that Reliable, by and through its principal Nam Min Cho, falsely claimed that Kil Chae Bae was an employee of the organization and submitted timecards bearing his name and signature;
- Reliable knowingly placed an unauthorized individual who did not pass the background check at County facilities to work;
- Reliable paid the individual less than the required Living Wage;
- Reliable violated the terms of their County contract in multiple areas including: Section 5.0 (Contract Sum), Section 7.6 (Background and Security Investigations), Section 7.3 (Custodial Personnel), Section 8.39 (Subcontracting), and Section 8.50 (Compliance with County's Living Wage Program);
- As noted by one member of the CHB, based on the evidence presented and the testimony, these were very serious allegations against a contractor charged with providing services to the County in sensitive locations. Also, the CHB member indicated the contractor had committed acts which negatively affected its ability to perform a contract with the County by creating false documents, not following applicable laws, and failure to pay employee payroll taxes; and
- Another member of the CHB found the multiple and egregious acts committed by the contractor showed a pattern of dishonesty and corrupt behavior. This member concluded that this behavior violated the terms of the County Contract.

The CHB members conclusively agreed the following aggravating factors are of such an extremely serious nature that the removal of the contractor from future County contracting opportunities for a period greater than five years is necessary to protect the County's interests:

- *The frequency of incidents and/or duration of the wrongdoing.*

The CHB found that there were a number of fraudulent activities involving timecards over a period of years in which the contractor failed to live up to the Contract requirements.

- *Contractor's overall performance record.*

As to the contractors' fiscal activities related to timecard fraud, the CHB found the contractor was not a responsible contractor and did not meet its contractual obligations with the County.

- *Whether a contractor's wrongdoing was intentional or inadvertent.*

The CHB found that Reliable was aware that their activities were improper, and Reliable admitted to intentionally participating in a pattern of fraudulent activity in numerous areas.

- *Whether a contractor has cooperated fully with the involved public entities during the investigation and any court or administrative action.*

The CHB found that the contractor had cooperated with the County to a certain extent by submitting to interviews with ISD and OCI. However, the CHB found the contractor's responses were evasive and inadequate initially and the principals only admitted to wrongdoing when presented with documentary evidence.

- *Whether the wrongdoing was pervasive with a contractor's organization.*

The CHB found the ongoing fraudulent activities conducted by Reliable and its principals, were pervasive. There were numerous instances over a number of years where the principals were involved in submitting false timecards for Sung Ok Cho, Norman Nam Cho, and Kil Chae Bae for custodial services that were not performed by these individuals.

- *The positions held by the individuals involved in the wrongdoing.*

The CHB found that the principals were directly involved and leading the fraudulent activities. Nam Min Cho admitted that Reliable continued to submit timecards for Kil Chae Bae from September 7, 2010 through January 31, 2011 so that Reliable could maintain their profit on this Contract.

- *Whether a contractor's principles participated in, knew of, or tolerated the offense.*

As stated above, the CHB found that principals, Nam Min Cho, Sung Ok Cho, and Norman Cho all participated in some form of fraudulent activities.

Therefore, by unanimous vote, the CHB decided to recommend to the Board that Reliable Building Maintenance Inc. and its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho, be debarred. By another separate unanimous vote, the CHB recommended debarment for a period of ten years. In making these recommendations, the CHB considered the repeated and blatant violations of the terms of the Contract committed by Reliable and its principals, and the multiple acts which negatively reflected on the contractor's quality, fitness and capacity to perform a contract with the County, and indicating a lack of business integrity and business honesty.

IMPACT ON CURRENT PROJECTS

Not applicable.

CONCLUSION

The Contractor Non-Responsibility and Debarment process is working as the Board intended to help assure that the County contracts only with responsible contractors who comply with all relevant laws, as well as the terms and conditions of their contracts.

Respectfully submitted,



MARTIN K. ZIMMERMAN
Assistant Chief Executive Officer
Acting Chair, Contractor Hearing Board

MKZ:FC
JH:ib

Attachments (3)

- c: Executive Office, Board of Supervisors
- Chief Executive Officer
- Internal Services Department
- Public Works
- Parks and Recreation
- County Counsel
- Auditor-Controller
- Nam Min Cho, Principal, Reliable Building Maintenance Inc.
- Sung Ok Cho, Principal, Reliable Building Maintenance Inc.
- Norman Cho, Principal, Reliable Building Maintenance Inc.



TOM TINDALL
Director

**County of Los Angeles
INTERNAL SERVICES DEPARTMENT**

1100 North Eastern Avenue
Los Angeles, California 90063

"To enrich lives through effective and caring service"

Telephone: (323) 267-3101
FAX: (323) 415-8664

April 10, 2012

Sent via Certified Mail –
Return Receipt requested

Mr. Nam Min Cho
Ms. Sung Ok Cho
Mr. Norman Cho
Reliable Building Maintenance, Inc.
3200 Wilshire Blvd, #1370 North Tower
Los Angeles, CA 90010

Dear Mr. Nam Min Cho, Ms. Sung Ok Cho, and Mr. Norman Cho:

DEBARMENT PROCEEDINGS

The County of Los Angeles Internal Services Department (ISD) intends to initiate debarment proceedings against Reliable Building Maintenance, Inc., and Mr. Nam Min Cho, Ms. Sung Ok Cho, and Mr. Norman Cho as individuals (collectively referred to as Reliable). The recommended debarment will be made pursuant to Los Angeles County Code Chapter 2.202, Determination of Contractor Non-Responsibility and Contractor Debarment.

You are hereby notified that the debarment hearing with the Contractor Hearing Board will be held on:

Date: Wednesday, May 2, 2012
Time: 1:30 p.m.
Place: Kenneth Hahn Hall of Administration, Room 372
500 West Temple Street
Los Angeles, CA 90012

This notice specifies the basis for the debarment recommendation, the proposed period of debarment and a summary of evidence to support the recommendation, in Attachment A, incorporated herein by reference.

At the Contractor Hearing Board, you are entitled to appear and/or be represented by an attorney or other authorized representative to present evidence against a finding of debarment. At the hearing, your representative may offer documentary evidence, present witnesses, and offer rebuttal evidence as authorized by the County code.

Mr. Nam Min Cho
Ms. Sung Ok Cho
Mr. Norman Cho
April 10, 2012
Page 2 of 2

After the debarment hearing, the Contractor Hearing Board will prepare a proposed decision to the County Board of Supervisors (Board). This decision will include a recommendation on whether or not to debar you and/or Reliable and, if so, the appropriate length of time for debarment. The Board may, in its discretion, limit any further hearing to the presentation of evidence not previously heard. The Board has the right to modify, deny, or adopt the Contractor Hearing Board's proposed decision and recommendation. Any debarment finding shall become final upon the approval by the Board.

Reliable must submit a written confirmation to ISD indicating whether you and/or attorney or other authorized representative will be present at the debarment hearing. This confirmation must be sent to Ms. Yolanda Young, Contracts Division, 1100 N. Eastern Avenue, Los Angeles, CA 90063, no later than 5:00 p.m. on Thursday, April 19, 2012. Failure to confirm the hearing date or otherwise response may result in waiving of all rights to a hearing before the Contractor Hearing Board.

If Reliable intends to contest the debarment at the Contractor Hearing Board, the department will provide you with a list of prospective witnesses and copies of all documentary evidence at least five (5) days prior to the scheduled hearing. If Reliable intends to present evidence against the proposed debarment, you must provide ISD with a list of prospective witness and copies of all documentary evidence at least five (5) days prior to the scheduled hearing. Each party must also provide the Contractor Hearing Board with five copies of each item they provided in the exchange. The deadline for the exchange of these documents is 5:00 p.m. on Wednesday, April 25, 2012.

If you have any questions, please contact our County Counsel, Elizabeth Friedman, at (213) 974-1814.

Very truly yours,



Tom Tindall
Director

cc: County Counsel (Elizabeth Friedman)
CEO, Contractor Hearing Board (Martin Zimmerman)

ATTACHMENT A
BASIS FOR PROPOSED DEBARMENT RECOMMENDATION AND
SUMMARY OF EVIDENCE TO SUPPORT THE RECOMMENDATION

The basis for the proposed debarment recommendation is that Reliable Building Maintenance, Inc. (collectively referred to as Reliable) by and through its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho (1) violated a term of a contract with the County or a nonprofit corporation created by the County; (2) committed an act or omission which negatively reflects on the contractor's quality, fitness, or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or omission which indicates a lack of business integrity or business honesty; or (4) made or submitted a false claim against the County or any other public entity.

The Internal Services Department (ISD) will recommend a five year debarment for Reliable and its principals, Nam Min Cho, Sung Ok Cho, and Norman Cho.

A summary of the evidence to support the debarment recommendation is set forth below:

1. Reliable utilized employees who were not on the approved staffing plan and/or not authorized to work at County facilities. On November 15, 2010, ISD received an anonymous letter alleging that Reliable was submitting timecards for various individuals who do not work for the company, including Mr. Kil Chae Bae (Mr. Bae). On November 30, 2010, ISD staff conducted an onsite interview with Reliable's office manager who confirmed that Mr. Bae was an employee of their company. Based on this information, ISD met with Mr. Bae on January 20, 2011, where he was shown copies of the timecards submitted by Reliable with his name and signature. Mr. Bae confirmed the signatures on these timecards were not his and further stated he did not work for Reliable for the periods covered by the timecards. Based on these allegations, ISD referred the matter to the County of Los Angeles, Auditor-Controller's Office of County Investigations (OCI).

OCI initiated an investigation by reviewing Reliable's October 2011 staffing plan and selected a sampling of County facilities under contract. OCI selected four facilities to verify that the contract workers identified in the approved staffing plan were the contract workers providing the custodial services at the facility. During these site visits, OCI found that the contract workers identified on the staffing plan were not present, and that County department personnel were not familiar with any of the names on the staffing plan. Photographs provided by ISD to OCI were also shown to County staff who did not recognize any of the contract worker photographs. They identified Mr. Estanislao Gonzalez Rivas (Mr. Rivas) as the custodian who cleaned their respective facilities. According to ISD records, Mr. Rivas was

ATTACHMENT A
BASIS FOR PROPOSED DEBARMENT RECOMMENDATION AND
SUMMARY OF EVIDENCE TO SUPPORT THE RECOMMENDATION

removed from the ISD contract on March 31, 2011, because he did not clear the required criminal background check.

OCI staff interviewed Mr. Rivas who admitted to cleaning these facilities for over four years. It was noted that Mr. Rivas was not wearing a Reliable uniform, a County issued ID badge or a Reliable badge. Mr. Rivas stated that Reliable paid him \$10 per hour and provided a paystub. The paystub did not include the number of hours worked, the rate of pay or deductions for State or federal taxes, Social Security, etc.

The County is prepared to produce a witness from OCI who will testify to the admissions made by Mr. Rivas. The interview with Mr. Rivas was recorded and the Auditor-Controller can provide copies of available recordings.

2. Mr. Nam Min Cho, Owner of Reliable, admitted during an interview with OCI representatives that Reliable was aware that Mr. Rivas was not authorized to work under the County contract but, nonetheless, assigned him to work at County facilities and provided him keys to the facilities. In addition, Mr. Nam Min Cho admitted to submitting falsified payroll records, timecards and staffing plans to maintain their profit after the County imposed a six percent reduction in the contract amount, and to conceal their violation(s) of the contract. It is noted that the County did not impose a mandatory contract amount reduction. Rather, contractors were given an opportunity to offer contract amount reductions in exchange for up to two years contract extensions as part of the CEO's Contract Reduction/Extension Initiative.

The County is prepared to produce a witness from OCI who will testify to the admissions made by Mr. Nam Min Cho. The interview with Mr. Nam Min Cho was recorded and the Auditor-Controller can provide copies of available recordings.

3. Ms. Sung Ok Cho, wife of Mr. Nam Min Cho, stated during an interview with OCI representatives that she performed regular custodial work at DPW in La Puente from 11:30 am to 1:30 pm, and CSS in South El Monte. Ms. Cho stated that she did not possess keys to the building. According to Reliable's Staffing Plan, Ms. Cho is the only scheduled custodian at DPW and CSS. Mr. Norman Cho's interview (number 4 below) contradicts information provided by Ms. Cho.

The County is prepared to produce a witness from OCI who will testify to the admissions made by Ms. Sung Ok Cho. The interview with Ms. Sung Ok Cho was recorded and the Auditor-Controller can provide copies of available recordings.

ATTACHMENT A
BASIS FOR PROPOSED DEBARMENT RECOMMENDATION AND
SUMMARY OF EVIDENCE TO SUPPORT THE RECOMMENDATION

4. Mr. Norman Cho, brother of Mr. Nam Min Cho, stated during an interview with OCI representatives that he has supervised and performed custodial work at the Fire Department in South El Monte, ACWM in Arcadia and CSS in South El Monte for over two years. Mr. Norman Cho supervises at ACWM and only one custodian worked in the building with him. Mr. Norman Cho admitted that he worked primarily with Ms. Sung Ok Cho at ACWM and on occasion, Mr. Rivas, who he described as a part time employee. Reliable's payroll records and Mr. Norman Cho's timecards do not indicate that he performed any work at CSS. Ms. Sung Ok Cho's timecards contradict Mr. Norman Cho's statement that Ms. Sung Ok Cho performed any work at ACWM.

The County is prepared to produce a witness from OCI who will testify to the admissions made by Mr. Norman Cho. The interview with Mr. Norman Cho was recorded and the Auditor-Controller can provide copies of available recordings.

5. Reliable violated numerous terms of its contract with the County of Los Angeles including: (i) Contract Sum, (ii) Background and Security Investigations, (iii) Custodial Personnel, (iv) Subcontracting, (v) Compliance with County's Living Wage Ordinance and (vi) Compliance with Applicable Law.

The County is prepared to produce documentary evidence demonstrating the terms of the County contract and the requirements of the applicable laws.



COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

JOHN F. KRATTLI
Acting County Counsel

April 23, 2012

TELEPHONE
(213) 974-1814
FACSIMILE
(213) 633-1915
TDD
(213) 633-0901

DELIVERED IN PERSON

Martin Zimmerman
Chief Executive Office
Kenneth Hahn Hall of Administration, Room 745
500 West Temple Street
Los Angeles, California 90012

**Re: DOCUMENTARY EVIDENCE DEBARMENT
PROCEEDINGS FOR RELIABLE BUILDING
MAINTENANCE, INC.**

Dear Mr. Zimmerman and Contractor Hearing Board:

Enclosed are five copies of the documentary evidence to be presented at the Contractor's Hearing Board meeting on May 2, 2012, regarding the potential debarment of Reliable Building Maintenance, Inc.

Attachment I identifies the documents that comprise the documentary evidence.

Please contact me with any questions or concerns regarding the upcoming debarment hearing or enclosures at (213) 974-1814 or by email at efriedman@counsel.lacounty.gov.

Very truly yours,

JOHN F. KRATTLI
Acting County Counsel

A handwritten signature in black ink, appearing to be "EJF", is written over the typed name of Elizabeth J. Friedman.

By
ELIZABETH J. FRIEDMAN
Principal Deputy County Counsel
Contracts Division

EJF:pt

Enclosures

DOCUMENTARY EVIDENCE
DEBARMENT HEARING FOR RELIABLE BUILDING MAINTENANCE, INC.
MAY 2, 2012

TAB	DOCUMENTS
1	Anonymous letter sent to Internal Services Department (ISD) regarding Reliable Building Maintenance, Inc. (Reliable) violations dated November 8, 2010 (received November 15, 2010)
2	Chronology of communications between ISD and Mr. Kil Chae Bae (April 27, 2010 - January 20, 2011)
3	ISD supporting documentation regarding falsified time sheets submitted for Mr. Kil Chae Bae from 05/01/10 to 12/31/10
4	ISD supporting documentation regarding Mr. Kil Chae Bae's Contract Worker ID Badge and Background check for Reliable dated 04/27/10
5	ISD supporting documentation regarding Mr. Kil Chae Bae's Contract Worker ID Badge and Background check for KC Building Maintenance, Inc. dated 10/05/10
6	Correspondence submitted by Mr. Kil Chae Bae to ISD dated January 24, 2011
7	Report from Auditor-Controller regarding Contractor Improprieties for Reliable, dated January 17, 2012
8	Notification letter from ISD to Reliable regarding its intent to terminate custodial services contract number 75321 dated January 24, 2012
9	Adopted Board letter terminating custodial services contract number 75321 with Reliable for default dated February 7, 2012
10	Notification letter from ISD to Reliable regarding termination of custodial services contract number 75321 dated February 8, 2012
11	Notification letter to Reliable advising of CARD Entry dated March 15, 2012
12	Debarment Proceedings letter from ISD to Reliable dated April 10, 2012

**PARTICIPANTS IN THE CONTRACTOR HEARING BOARD DEBARMENT PROCEEDINGS FOR
RELIABLE BUILDING MAINTENANCE, INC.**

AND

NAM MIN CHO, SUNG OK CHO AND NORMAN CHO

MAY 2, 2012 - 1:30 P.M.

KENNETH HAHN HALL OF ADMINISTRATION

500 WEST TEMPLE STREET, ROOM 372

LOS ANGELES, CA 90012

CONTRACTOR HEARING BOARD

MARTIN ZIMMERMAN, CHAIR, ASSISTANT CHIEF EXECUTIVE OFFICER, CHIEF EXECUTIVE OFFICE

MASSOOD EFTEKHARI, ASSISTANT DEPUTY DIRECTOR, DEPARTMENT OF PUBLIC WORKS

ROBERT MAYCUMBER, ADMINISTRATIVE DEPUTY, DEPARTMENT OF PARKS AND RECREATION

JAMES HAZLETT, ANALYST, CHIEF EXECUTIVE OFFICE, STAFF TO THE CHB

RELIABLE BUILDING MAINTENANCE, INC.

NO PARTICIPANTS

OFFICE OF THE COUNTY COUNSEL

TRUC MOORE, LEGAL ADVISOR TO THE CHB, DEPUTY COUNTY COUNSEL

ELIZABETH FRIEDMAN, LEGAL ADVISOR TO ISD, DEPUTY COUNTY COUNSEL

WITNESSES

YOLANDA YOUNG, DIVISION MANAGER, INTERNAL SERVICES DEPARTMENT

MICHAEL CLARKE, SUPERVISING INVESTIGATOR, OFFICE OF COUNTY INVESTIGATIONS, AUDITOR-
CONTROLLER

ALSO PRESENT

LUCI GUTIERREZ, SECTION MANAGER, INTERNAL SERVICES DEPARTMENT

GAYANE KAZARYAN, ANALYST, INTERNAL SERVICES DEPARTMENT